

Testimony of MLI Redemption Services, Stratford, CT
Before the Connecticut General Assembly Environment Committee
February 28, 2014

In Support of Senate Bill 67:
An Act Concerning the Inclusion of Juices, Teas, and Sports Drinks under
Connecticut's Bottle Bill

I would like to thank the entire Environment Committee, and Chairs Senator Edward Meyer and Representative Linda Gentile for allowing me to testify in support of Senate Bill 67. My name is Fred Miers and I own MLI Redemption Services in Stratford, Connecticut.

I ask all of you to support an amendment to the current Beverage Container Redemption law:

1. Under Sec. 22a-245. (Formerly Sec. 22a-79), the handling fee must be increased if possible by July 1, 2014, to at least 3.5 cents per container. Dealers and redemption centers have never had an "increase" under this law, which was enacted in 1980. Dealers and redemption centers are in desperate need of relief to offset the ever rising cost of inflation and business operations that have been endured over the last 34 years.
2. Under Sec. 22a-243. (Formerly Sec. 22a-77). The law should be updated to include additional types of non-carbonated beverage containers (lemonade, iced tea, power / sports drinks and fruit juice containers) by October 1, 2014.
3. The law should have evolving provisions to 1) increase the handling fee periodically (for instance .25 cents every 10 years) to offset future inflation and rising costs of business operations, and 2) add future unforeseen marketable beverage containers to the law.
4. Since the Federal Government has required the states to meet a goal of a 55% reduction of their waste stream by 2024, this law should require distributors to report to the State's Department of Energy and Environmental Protection, the tonnage of commodities processed and sold to the end user. This will allow the State to add bottle law recycling statistics to that of the curbside programs. This will increase the overall State-wide recycling rate to help meet the 55% goal.

I have attached further information on why these changes must be made.

Since all of the other Northeast states have already updated their bottle bills, I urge each of you to push for an amendment to the Connecticut Beverage Container Redemption law to be enacted on or before October 1, 2014, to include an increase to the handling fee as soon as possible, add other non-carbonated beverage containers, include an evolving handling fee and unforeseen marketable containers, and require tonnage statistics to be reported by the distributors to the State.

Sincerely yours,

Frederick P. Miers, President
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Submitted February 27, 2014

Attachment 1: Why change the Connecticut State Beverage Container Redemption Law?
Attachment 2: Business Operation Cost Increases Endured by Redemption Centers
Attachment 3: Handling fee comparison Connecticut vs Maine/Massachusetts/New York/Vermont

ATTACHMENT 1:

WHY CHANGE THE CONNECTICUT STATE BEVERAGE CONTAINER REDEMPTION LAW?

The Connecticut State bottle law was originally designed as a “litter control” law, to create an incentive for people to recycle and clean up the environment. The law has been successful in achieving that goal; however, the original law doesn’t include beverage containers that are marketed in today’s society. In addition, the handling fee offered to operate and cover the costs of running a redemption business has not changed in 34 years. The law needs to be amended effective October 1, 2014, to assimilate both the new beverages that are currently marketed and offset the current and future cost of running a redemption business.

- 1. The handling fee must be increased in 2014 to at least 3.5 cents per container. Dealers and redemption centers have never had an “increase” under this law, which was enacted in 1980. Dealers and redemption centers are in desperate need of relief to offset the ever rising cost of inflation and business operations that have been endured over the last 34 years.**

Why?

- a) Redemption centers struggle to survive in the State of Connecticut due to the grossly outdated handling fee and the ever increasing cost of business. MLI is currently the **only** redemption center left in Fairfield County according to the CT DEEP website (<http://www.ct.gov/deep>). There is no incentive for an entrepreneur to start a new redemption center in Connecticut. See Attachment 3 for a comparison of Connecticut handling fees vs New York, Maine, Vermont and Massachusetts.
- b) The current handling fees do not cover the ever increasing costs of operating a redemption center. The 34-year-old law only allows redemption centers and dealers to receive a fixed gross profit of 27%. Redemption centers cannot offset the rising cost of running their business like a dealer can with their retail sales. Increased operational costs can only be offset by generating more containers, which in turn further increases operational costs.
- c) Redemption centers are integral to the success of the Beverage Container Redemption law as they ease the burden for grocery, liquor stores and other dealers, who don’t want to be a resource for recovery of the beverage containers and do not have the capacity to store the additional container volume at their locations.
- d) Redemption centers ease the burden for consumers who are forced to stand in line and feed machines outside of grocery stores and stand in another line to retrieve their money.
- e) If the handling fee is not increased, redemption centers will not have the means to service the public or the environment and will soon be obsolete.

- 2. The law should be updated to include additional types of non-carbonated beverage containers (iced tea, power drinks, lemonade, fruit juice containers).**

Why?

- a) The beverage market has dramatically changed since the creation of the Connecticut Beverage Container Redemption law. The original creators of the law had no way of knowing that the beer and soda distributors would meet the demands of health conscious Consumers by successfully marketing the sale of bottled water and other non-carbonated drinks.
- b) Expanding the law to include other non-carbonated beverage containers will drastically reduce litter and increase the cleanliness of our environment.

3. **The law should have evolving provisions to 1) increase the handling fee periodically (for instance .25 cents every 10 years) to offset future inflation and rising costs of business operations, and 2) add future unforeseen marketable beverage containers to the law.**

Why?

- a) The bottle law creates jobs in the State of Connecticut. To provide incentive for entrepreneurs start new or expand redemption businesses and create more jobs in the State, the business owners must have a sense of security that their business has growth potential.
 - b) Redemption centers are individually owned small businesses. We work solely off of the handling fee. We should not have to lobby every few years in an effort to offset inflation and rising cost of business operations. The law should provide wording to incorporate periodic handling fee increases over time (for instance .25 cents every 10 years).
 - c) New beverage markets will continue to pop up. The law should provide wording to incorporate these new beverage containers with no loop holes, which would exclude them from the law.
4. **Since the Federal Government has required the states to meet a goal of a 55% reduction of their waste stream by 2024, this law should require distributors to report to the State's Department of Energy and Environmental Protection, the tonnage of commodities processed and sold to the end user. This will allow the State to add bottle law recycling statistics to that of the curbside programs. This will increase the overall State-wide recycling rate to help meet the 55% goal.**

Why?

- a) The State of Connecticut has two recycling laws. The Connecticut State Beverage Container Redemption Law and the curbside recycling program.
- b) The curbside recycling programs are required to record and report the amount of material processed and marketed. The current Connecticut State Beverage Container Redemption Law was written prior to the curbside program. The distributors are not obligated to report the recycling tonnage that they process to the State. Combining the volume of the two recycling programs, will help the State get closer to achieving its goal of 55%.
- c) States that have Beverage Container Redemption laws that coincide with a curbside recycling program are statistically proven to have higher recycling rates than states that do not.
- d) It is proven that containers recovered through container redemption laws produce a cleaner end product for commodity marketing than those in curbside recycling programs.

Fred Miers owns Miers Limited, Inc. (D.B.A. MLI Redemption Services (MLI), which has been servicing the Connecticut State Beverage Container Redemption law for the past 20 years. He has personally been in this industry for 33 years. MLI currently operates out of a 30,000 square foot facility, located in Stratford, Connecticut. We have 27 employees. We accept bottles and cans from the general public over the counter (no reverse vending machines).

ATTACHMENT 2

BUSINESS OPERATION COST INCREASES ENDURED BY REDEMPTION CENTERS

- a) **The cost of operating MLI Redemption Services from 2000 to 2013 has increased dramatically as follows:**

MLI Redemption Services Operating Exp Increases From 2000 (7 EEs) To 2013 (27 EEs)	
Payroll	406%
Rent	242%
Utilities	261%
Property Taxes	391%

- b) **Inflation Rates:** The **Consumer** Price Index (according to InflationData.com) shows that since 1980, inflation rates have increased by 119.78%. For example, if the cost of running a business was \$100,000 in 1980, it would cost about \$220,000 in 2014.
- c) **Minimum Wage Increases:** Inflation of the Connecticut minimum wage has created a significant burden on redemption centers (see the CT DOL website for history, <http://www.ctdol.state.ct.us/>). Having to utilize the unskilled labor force, directly affects our payroll when minimum wage is increased. In 1980, the minimum wage was set at \$3.12 per hour; today it is set at \$8.70 per hour, with a 30 cent increase scheduled for 1/1/2015. The minimum wage has increased by 200% over the last 34 years. For each minimum wage increase, we have to adjust all employee salaries **across the board** to keep them equitable.
- d) **Real Estate:** In order to increase the volume of containers taken in, warehouse storage space is required. In Fairfield County, real estate lease rates are expensive, and continue to rise. In the mid-80s the square footage for light industrial warehousing in Fairfield County was about \$2.50 sq. ft. NNN. If you can find light industrial warehouse space today in a desirable location for under \$12.50 sq. ft. NNN, you're lucky.
- e) **Energy & Utility Costs:** The ever increasing cost of gas, electric, propane, water needed to operate a large warehouse pose a challenge to redemption centers. In addition, as the only redemption center in Connecticut that offers pickup services, the increasing cost of diesel fuel, maintenance, insurance and tax burden makes it difficult to continue providing these services to the many charitable drives that rely on us.
- f) **Insurance:** Not only do insurance rates rise each year, redemption centers are classified by the insurance industry as "Recycling Centers." Recycling centers have high workman comp rates which have driven the insurance premiums to an all time high due to the physical labor and heavy machinery required to separate and process their commodities. The insurance companies lump redemption centers in with recycling centers because we handle commodities that define recycling centers.

However, redemption centers are NOT recycling centers. We are a middle man between the Consumer and the distributor/manufacturer. We buy containers from the Consumer and sell them back to the Distributors. At this point it is the Distributors' responsibility to separate and process their products by commodity and market them. Redemption centers have the same responsibilities as a Dealer. When a Dealer sells a container, the law requires them to accept empty containers from the Consumer and sell it back to the Distributor to retrieve the deposit. Are they considered recycling centers?

The insurance industry looks at gross sales to determine the cost of liability. This is extremely unfair for redemption centers as our sales may be very high, but our profit margin, as stated, is extremely low at 27%. Workman's comp rates are based on wages. However, because we are categorized as recycling centers, our rate is extremely high. The bottom line is we cannot afford to have or pay for insurance based on the category of recycling centers. Currently, there is no insurance category established for redemption centers. Redemption centers need to be reclassified into a new category by the State. Can the Insurance and Real Estate Committee review the classifications and come up with an equitable way to determine insurance rates for redemption centers?

ATTACHMENT 3

NORTHEAST STATE HANDLING FEES

State	Name	Dates	Containers Covered	Amount of Deposit	Handling Fee	Unredeemed Deposits
Connecticut	Beverage Container Deposit and Redemption Law	Enacted 4/12/78; Implemented 1/1/80	Any individual, separate, sealed glass, metal or plastic bottle, can, jar or carton containing a beverage. Excluded are containers over 3L containing noncarbonated beverages, and HDPE containers.	5¢	Beer 1.5¢, other beverages 2¢	Returned to the State
Maine	Maine Returnable Beverage Container Law	Enacted 1/12/76, Implemented 6/1/78	all sealed containers made of glass, metal or plastic, containing 4 liters or less, excluding aseptic	Wine/liquor: 15¢ All others: 5¢	4¢ (.5¢ less if part of qualified commingling agreement)	Most containers are under a commingling agreement, and unclaimed deposits are property of distributor. If not under a commingling agreement, then unclaimed deposits are property of State.
Massachusetts	Beverage Container Recovery Law	Enacted 6/4/81, Implemented 1/1/83	any sealable bottle, can, jar, or carton of glass, metal, plastic, or combo. Excludes biodegradables	5¢	3.25¢	Property of state general fund
New York	New York State Returnable Container Law	Enacted 6/15/82, Implemented 7/1/83	An individual, separate, sealed glass, metal, aluminum, steel or plastic bottle, can or jar less than 1 gallon or 3.78 liters.	5¢	3.50¢	80% to the state General Fund; 20% retained by distributor
Vermont	Beverage Container Law (1972), Solid Waste Act (1987)	Enacted 4/7/72, Implemented 7/1/73	Any bottle, can, jar or carton composed of glass, metal, paper, plastic or any combination (Biodegradables excluded)	liquor: 15¢ All others: 5¢	4¢ for brand-sorted containers and 3.5¢ for commingled brands	Retained by distributor/bottlers